

Message Text

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43

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 H-03 CIAE-00 DODE-00 INR-10

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FM AMCONSUL BELIZE

TO SECSTATE WASHDC 3230

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E.O. 11652: N/A

TAGS: EIND BH

SUBJECT: CONTROLS PROPOSED FOR FOREIGN ACQUISITION OF LAND

1. MINISTER OF AGRICULTURE SANTIAGO PERDOMO TABLED A PROPOSED LAW IN LEGISLATURE NOVEMBER 9 WHICH WOULD SEVERELY CURTAIL THE ABILITY OF FOREIGNERS TO BUY LAND IN BELIZA. AS WE UNDERSTAND IT, THE LAW WOULD PROHIBIT THE SALE OF ANY LAND TO A FOREIGNER WITHOUT A LICENSE FROM THE GOVERNMENT. THE GOVERNMENT WOULD NOT GRANT THIS LICENSE UNTIL IT HAD APPROVED A DETAILED PLAN SUBMITTED BY THE POTENTIAL FOREIGN BUYER FOR DEVELOPING THE LAND.

2. THE OBJECT OF THE LEGISLATION IS TO PUT AN END TO SPECULATION IN LAND BY FOREIGNERS IN BELIZE. FOREIGNERS OWN ENORMOUS TRACTS HERE WHICH THEY DO NOT DEVELOP, BUT HOLD ON SPECULATION FOR RESALE TO OTHER FOREIGNERS. AS A RESULT THE GOVERNMENT CLAIMS THAT BELIZEANS CANNOT AFFORD TO BUY LAND WHICH IS THE COLONEY'S MOST IMPORTANT NATURAL RESOURCE. A LAND TAX, WHICH PROGRESSIVELY INCREASES IF THE LAND IS NOT DEVELOPED, HAS NOT CURTAILED SPECULATION. THUS, THE GOVERNMENT HAS PROPOSED FAR STRICTER MEASURES.

3. COMMENT: THE GOVERNMENT'S MOTIVES IN ATTEMPTING TO CURB LAND SPECULATION BY FOREIGNERS IN BELIZE ARE LAUDABLE. LAND

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SPECULATION HAS BEEN A DIFFICULT PROBLEM FOR MANY YEARS. THE

QUESTION ARISES, HOWEVER, WHETHER BELIZEANS HAVE THE FINANCING AND EXPERTISE TO PUT LANDS HERE TO PRODUCTIVE USE, REGARDLESS OF ITS ORIGINAL COST. FURTHER, THE LICENSING PROVISIONS COULD WELL BECOME ANOTHER BUREAUCRATIC MORASS, PROVIDING STILL ANOTHER DISINCENTIVE FOR BADLY NEEDED FOREIGN INVESTORS. IN EFFECT THE LEGISLATION IS ANOTHER ATTEMPT AT PRICE CONTROL, AND THESE CONTROLS ON OTHER ITEMS HAVE ALREADY EFFECTIVELY STYMIED DEVELOPMENT OF AGRICULTURE AND THE CATTLE INDUSTRY. CERTAINLY, ONE OF ITS FIRST EFFECTS WILL BE TO MARKEDLY DEPRECIATE THE VALUE OF LAND OWNED ALREADY BY FOREIGN SPECULATORS.

4. WE WILL POUCH COPY OF LEGISLATION WHEN AVAILABLE FROM

GOVERNMENT PRINTER. DRISCOLL

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